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NOTES

THE NATIONAL TARIFF COMMISSION CONVENTION

The call for the National Tariff Commission Convention, which met at Indianapolis, February 16, 17, and 18, was signed by a number of business organizations of which the following are typical: National Association of Manufacturers; Merchants' Association of New York; Boston Chamber of Commerce; Farmers' National Congress; Millers' National Federation, and the National Association for the Extension of Foreign Commerce.¹ The manufacturers included in these organizations are largely dependent on other basic industries for the material which they work into products ready for the consumer. They are the groups which put the finishing touch on articles that have passed through a number of hands on the way from the mine, field, or forest to the direct satisfaction of human want. These manufacturing and commercial interests together with agricultural and allied industries are the ones represented in the call for the convention.

"All commercial and other organizations of the country favorable to the object sought to be advanced" were "earnestly invited and requested to appoint delegates to the convention in sympathy with the movement." When they came together, a few over five hundred, there were represented two hundred and twenty-three organizations in forty-two states. Mr. J. W. Van Cleve, of the National Association of Manufacturers, was chosen permanent chairman, and a set of rules was adopted that excluded discussions of schedules, rates, or policies, or criticism of the proposed scheme. One man, whose name appeared upon the programme, was not allowed to speak, it is alleged, because he expressed a belief that tariff-revision is a subject for Congress rather than for a commission. The assembly was not a deliberative body for the purpose of considering the advisability of adopting the commission plan for

¹ Twenty-two such bodies are named in the list. The thirty-five associations declared to be favorable to the object of the convention include a number of chambers of commerce and boards of trade, St. Louis Cotton Exchange, East Buffalo Live Stock Exchange, Merchant Tailors' National Protective Association, National Live Stock Association, American Meat Packers' Association, National Piano Manufacturers' Association of America, Carriage Builders' National Association, and the New England Shoe and Leather Association.

the adjustment of the tariff, in any sense other than that in which a group of Baptists may be conceived to deliberate over the custom of immersion, or a conference of college presidents over the benefits of higher education. The meeting was for the purpose of strengthening the faith, giving publicity to the beliefs, and voicing the demands of the interests assembled.

An analysis of the programme as printed indicates two speakers who may fairly be said to represent trade and commerce; five who have their field in the final stage of manufacturing; and eight who are concerned with agriculture and allied activities. Of the statesmen, one senator and one senator-elect are from Indiana, and one is from Oklahoma. There are three congressmen listed, one from New Jersey, Mr. Fowler, one from Indiana, and the third from Louisiana. As a straw to indicate the way of the wind, it is worth while to note that there were six congressmen-elect scheduled to give addresses: three from Indiana, one from Colorado, and two from Ohio. The latter were democrats returned by republican districts.

The meeting was shaped, therefore, by the smaller, finishing manufacturers, the traders, and the farmers; given a political veneer by western statesmen, and an ethical tint by an eloquent Hebrew rabbi who delivered an address on "The Moral Side."

The burden of the speeches made in the convention was that the present method of preparing tariff bills is hopelessly inadequate, and the successful solution of the difficulties is to be found in the creation of a tariff commission. Incidentally it was declared that the plans of the convention were not to interfere with tariff-revision by the next Congress. Repeatedly there were declarations of loyalty to the principle of protection, and many speakers expressed the belief that it is possible to get a tariff that would be fair to everybody concerned, manufacturers, exporters, importers, consumers, and the national exchequer. There were some suggestions in regard to the creation of a Bureau of Tariff Research, but the plan for a commission was easily more popular.

In discussing the inherent evils of the present system of constructing a tariff bill, emphasis was laid upon the complexity of the problem that the Ways and Means Committee of the House and the Finance Committee of the Senate have to undertake to solve. The present law affects some four thousand items and the next bill will have to include about six thousand. An immense number of

industries will have to be taken into account. Each industry ought to be studied; its connection with other businesses considered; the work of its foreign rivals should be known; and the foreign trade in its products demands thought. The work that reasonable efficiency calls for is enormous.

To the solution of this extraordinary series of questions the Ways and Means Committee gives between four and five months, and the Finance Committee goes over its work in about half that length of time. The period is absurdly disproportionate to the labor that is called for, even under the most favorable conditions. But the other factors are not favorable. The men on the committee are usually inexperienced. Mr. Payne and Mr. Dalzell are the only ones on the present Ways and Means Committee who have seen service before. Again, they are without technical knowledge. The Dingley Bill was made by an editor, a manufacturer, and a number of lawyers. The method of investigation by public hearings is hopeless when the end in view is the collection of a mass of technical information upon which to base proper rates. The committee cannot sift the evidence that is offered to it by interested persons to determine how much truth there is in it. No business corporation would think of conducting its investigations in such haphazard, slipshod manner. Reports of technical experts are essential to successful planning of a policy in any concern that does business on any but the widest margin of profit. Congressional methods would be ruinous in private industry, and only the extraordinary resources of the country have enabled the United States to bear up under this wretchedly incompetent method. Men who have conscientiously tried to do their duty on these committees have come out with shattered health. The task, together with the duties of other committees to which the members are assigned, is superhuman.

The classification of dress-trimmings and automobiles together or of buttons and artillery is significant. The 300,000 cases of disputes in respect to classification, that have occurred in ten years, with the suits in courts necessary to determine them, show the character of the results in the present system. The wide discrepancy between the rates submitted by the Ways and Means Committee and the Finance Committee, amounting to 100 per cent. in cases, indicates the absence of any technical knowledge upon which to base their calculations. The unanimous conclusion of the speakers was that the system in its constitution is irremediably bad.

Not only was the system, or lack of system, declared to be beyond hope of amendment, but its manipulation was criticized sharply. Local interests determine the rates. A congressman was quoted as saying: "If anyone in my district wants anything, I get it for him and get as much as possible." Log-rolling is effective as a method of adjustment, as indicated by the statement: "We gave Senator Blank five million dollars' worth of protection to which he was not entitled, but, blankety-blank, we needed his vote." The outcome is a bill nearly every item of which is the result of a trade or a compromise. The hearings of the Ways and Means Committee allow all the advantage to the strong, and there were plenty of suggestions that the representatives of the trusts get more considerate attention than the smaller interests. The weak, the diffident, and the scattered either are not heard at all, or are brow-beaten and cross-examined with a view to confusing them if they do appear. Considerable irritation was shown on this point, and a current of feeling hostile to big combinations accused of receiving special favors ran through the convention, not more than half-concealed at any time and openly expressed by a few speakers. This manipulation was declared to be responsible for growing class-feeling and the excessive concentration of wealth in some cases. It was denounced as immoral because it does not distribute benefits equitably. Rates are raised or lowered according to demands of partisan political considerations. Trade-agreements are not provided to meet the needs of the rising export business. The farmer who is breeding cattle especially needs a wider market to insure the stability necessary to successful stock-raising. The latter will enable him to feed many of his products on the farm and maintain the fertility of his soil. The manufacturer of finished articles for export could get into markets now closed, it was alleged, if he could get his raw material cheaper; but this material is the product of the unfairly protected, big, basic industries which are enabled to exact high prices.

Over against these inherent and administrative evils of the existing method of constructing tariff bills, the speakers placed their view of the advantages of the permanent commission.

A body of business men and economists could take the time necessary because of the magnitude of the undertaking. They could avail themselves of the services of experts in every line of manufacturing, commerce, and agriculture. They could study the foreign

markets and the conditions of rival foreign industries. They could ascertain the relation of industries to each other. They could show what the probable effect of any change of rate or classification might be. In a word, they could collect and digest the information necessary to a rational construction of a tariff bill, so that, whatever the theory as to policy might be, the facts would be available for the drafters of the measure to work in the light. It would do for Congress what experts do for business men; what a master does for a court of equity. Moreover, it was believed that merely turning on the light would correct many of the present evils.

The commission method has been tried in respect to currency legislation. Similar service is rendered by the Bureau of Corporations, the Bureau of Labor, the Industrial Commission, and by the Interstate Commerce Commission.

Much stress was laid upon the example of the German Tariff Commission, which was made up of thirty-two able business men and economists, who consulted some two thousand experts in various lines, as well as interested organizations and local governments. Its work occupied a period of five years, and resulted in finding the facts, fitting the tariff to the facts, arranging simple schedules, and making two tariffs, the first a minimum tariff to be in force in the trade with the nations that grant German exporters favorable rates; the second, a maximum, to apply to those countries that do not enter into trade-agreements with the Fatherland. The similar commissions of France and Japan were referred to. It was pointed out that the Unionist party in England, hoping to come into power before long and standing for a protective tariff, has appointed a commission to prepare a bill. It will be a political necessity that they present a bill to Parliament promptly in event of success at the polls, and they know that a satisfactory law cannot be made in a short time. The commission has been at work for three years and has funds, privately provided, to support it for two years more.

It was pointed out that one of the great evils of the existing system is the intermittent revision of the tariff, three having been made in the last nineteen years; and we are face to face with another. Business halts because of these revolutionary methods. If there were a permanent commission to point out the necessary changes as occasion arises, such minor modifications as progress renders necessary could be made so gradually that there would be no disturbance, and an evolutionary development would be substi-

tuted for the violent alterations that throw business into a state of doubt and depression periodically.

Many of the addresses held forth the hope that a commission would take the question of the tariff out of politics and put it on a business basis. The speakers seem to think that with the facts clearly stated, unanimity of policy would follow. The question of tariff-rates would become, perhaps, like the question of railway rates, matters to be determined in view of the circumstances of the case. They appeared to have the idea that there is a general agreement to the protective policy, and if a protective tariff could be rightly constructed and properly altered as occasion arises, all the heat of political contention in regard to it would cool through lack of fuel.

In respect to trade-agreements with foreign nations, it was contended that a commission would be of great service in arranging the terms and details of the scheme. They would have at hand the data necessary to arrive at a mutually beneficial understanding. The advantages and need of such agreements to further our rising export business were dwelt on in many addresses.

The objection to a commission on constitutional grounds was regarded as baseless because no function of Congress would be affected adversely by a body that would furnish it with accurate information and act under its direction.

No industry would be hurt through finding out the truth about the tariff except those that deserved to be hurt. It was alleged that those who do not wish a commission appointed to find the truth were the ones who do not wish to have the truth found out.

To illustrate the absurd ideas abroad in respect to the purposes of the convention, the chairman read the following telegram: "We request the convention to agree upon a reasonable tariff schedule to lay before Congress."

Senator Beveridge declared that the next revision of the tariff will be the last one without the aid of a commission. A letter from President-elect Taft was read indorsing the plan of a commission.

The hostility of the present Ways and Means Committee to the scheme is shown by a quoted remark of Chairman Payne to the effect that the commission idea is a joke and the men who demand it are fools. Mr. Dalzell told Mr. John Barrett that the convention was "a great gathering of crazy men." It is evident, one speaker declared, that the politicians will not readily let go their chief asset.

The work of the convention was summed up in the following set of resolutions:

We demand from Congress, for the equal benefit of all classes of the people and in the name of all American industry, of farm, factory, labor, and commerce, represented in the National Tariff Commission Convention held at Indianapolis, Ind., on Feb. 16, 17, and 18, 1909, consisting of delegates from forty-two states and representing two hundred and twenty-three (223) agricultural, civic, commercial, and industrial bodies, the immediate creation of a permanent tariff commission for the following purposes and ends, through congressional action, viz:

1. The collecting and intelligent, thorough, and unprejudiced study of tariff facts.
2. The preservation and promotion of our home market and the development and enlargement of our foreign trade.
3. The accomplishment of this by reciprocal trade-agreements, based on maximum and minimum schedules.
4. The adjustment of the tariff-schedules so that they shall affect all interests equitably.
5. The fixing of the rates of duty to be paid on the imports from any foreign country, within the limits of the maximum and minimum rates established by Congress, under reciprocal trade-agreements negotiated by or under the direction of the President, in order thereby to develop and protect our foreign trade by the means favored by President McKinley and authorized by secs. 3 and 4 of the Dingley law.

We urge that prior to the passing of a bill creating such a commission, Congress, during its special session about to be called, shall prepare and adopt, with the assistance of the best information presently available, a revised tariff as completely and accurately adjusted to present conditions and therefore as stable as is possible at this time.

We make this demand because:

1. The tariff yields our largest national revenue, yielding \$333,000,000 in the fiscal year 1906-7, and concerns all classes and all the people. While it favorably affects the rate of wages, it also influences the cost of living and therefore the purchasing power of wages. It directly affects the cost of production and therefore our ability to compete in foreign markets. The problem is vast and complex and vitally affects all industry and commerce.
2. The present method of tariff-regulation is crude, unscientific, and outgrown. It imposes on Congress technical work which it should not be required to perform. It results in unnecessary, unreasonable, and unfair discrepancies and errors. It perpetuates such errors for long periods, involves intermittent revision, and tends to violent changes of policy.
3. The commission plan will substitute a scientific method which will establish the neutral line of maximum benefits and minimum evils to all interests. It will accomplish this by a governmental agency, properly

equipped to furnish Congress with the vast amount of cumulative technical data required to assist it, both in framing legislation based thereon and in forecasting the results of such proposed legislation. It will enable Congress to concentrate its time and efforts on constructive legislation based on such facts and assist our executive departments to negotiate intelligently commercial agreements for the increase and extension of our foreign trade. It will promote the prosperity of the country and the larger employment of American labor by encouraging the conversion of our raw materials into finished products before their export to foreign markets. It will provide for the prompt correction of errors in the tariff and a recognition of changing conditions.

The method of giving effect to the purposes of the convention is indicated in the following resolution:

Resolved, That to proceed for a permanent organization to carry into effect the conclusions of this convention the chairman shall appoint a committee of 100, of which not less than two shall be appointed from each state of the Union, with the temporary and permanent chairmen of this convention as members ex officio, from which committee the chairman of this convention shall designate an executive committee of nine members, and the chairman of the convention shall be an ex-officio member of that committee.

While the time of the convention was chiefly occupied with advocating an improved method of building tariffs, it would be a mistake to regard such an improvement merely as the chief end of the men behind the meeting. The change in method, it is evident to any but a superficial observer, is just a step toward the desired goal. The real desideratum is tariff-revision to meet the ideas of the finishing manufacturers, the traders, and the farmers. The Ways and Means Committee, held by the satisfied element, will not meet the wishes of this type of revisionist. The latter are executing a flank movement on "the stand-patters" by trying to substitute a new method that they believe will give them the desired result. The contest, therefore, between the committee method and the commission method of constructing a tariff will not be decided upon the merits of the methods, but according to the relative strength of the ins and the outs. The assaulting party will have presidential influence, some public opinion, and a rational proposal to help them. The defense will have the strength of the contented, favored conservatives, and the entrenchments.

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